

(c) The proposal has been examined in consultation with the Deposit Insurance and Credit Guarantee Corporation (DICGC). DICGC has informed that as per the Core Principle (CP) 8 of Effective Deposit Insurance prescribed by the International Association for Deposit Insurance (IADI), coverage should be limited, credible and cover the vast majority of depositors but leave a substantial amount of deposits exposed to market discipline. Currently (as on March 31, 2018), 92% of the deposit accounts in number and 29% of the deposit in value are covered by DICGC. This is higher than the guidance of IADI which recommends coverage of 80% in number of accounts and 20-30% in value terms. Increase in the insurance cover also requires a higher premium based on risk classification of the insured bank (Risk Based Premium - RBP).

(d) and (e) No proposal has been received from other State Governments by the Department of Financial Services (DFS)

#### **Excluding customs duty hike on motorcycles**

688. SHRI VIVEK K. TANKHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Notification No.49/2018-Customs dated 20.06.2018 excluding customs duty hike on motorcycles, was issued because of pressure from the United States Government to lower customs duty on import of motorcycles, especially Harley Davidson to India; and

(b) if so, the financial implication per fiscal year of the same, and the public interest element involved in doing the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) and (b) India has imposed additional customs duty on 29 import items originating from the United States. The composition of import items for retaliatory action, under the provisions of the Safeguard Agreement has been decided taking into account India's strategic considerations and balancing the effects of unilateral US tariff hike on Steel and Aluminium products.

#### **Ownership of IDBI by LIC**

689. SHRI NARAIN DASS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether LIC is planning to take effective control and ownership of IDBI bank by increasing its holding to 51 per cent;

(b) if so, whether holding of 51 per cent shares by LIC, in IDBI Bank will not contravene the assurance given to Parliament by the then Honorable Finance Minister in 2003;

(c) if so, whether purchase of 51 per cent shares by LIC in IDBI Bank will not contravene Article 4 of Articles of Association of IDBI Bank Ltd.; and

(d) whether LIC will purchase shares from existing shareholders of IDBI Bank Ltd. or will issue new equity shares to make its holding to 51 per cent?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (c) Life Insurance Corporation of India (LIC) has written to IDBI Bank Limited expressing interest in acquiring 51% controlling stake in IDBI Bank Limited. The bank has sought Government's decision in the context of Government's stake coming down below 51% as a result of the proposed acquisition. The matter is under Government's consideration.

(d) LIC has proposed the said acquisition through preferential allotment / open offer.

#### **Impact on policyholders on IDBI capitalisation by LIC**

690. SHRI NARAIN DASS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether LIC will be required to provide capital to recapitalize the IDBI Bank Ltd. to provide for bad loans and to meet the capital adequacy ratio;

(b) the amount LIC will invest from premium paid by policyholders and from surplus with LIC for the purpose of investment in IDBI Bank Ltd. to increase its holding to 51 per cent; and

(c) whether this will not hurt the interest of policyholders as less amount will be available for investment and less surplus will mean lower bonus distribution?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (c) With the approval of LIC's Board, LIC submitted a proposal informing, *inter alia*, of various measures for safeguarding the policyholders fund, to the Insurance Regulatory and Development Authority of India (IRDAI) for acquiring controlling stake in IDBI Bank Limited. After consideration of LIC's submissions by IRDAI and receipt of IRDAI's permission, LIC has written to IDBI Bank limited expressing